

MINUTES OF REGULAR MEETING – June 10, 2013

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:00 p.m. by Vice President LaMar on June 10, 2013 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Withers, Matheis, Swan, and LaMar

Directors Absent: Reinhart

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Engineering Burton, Executive Director of Operations Shields, Director of Public Affairs Beeman, Executive Director of Water Policy Heiertz, Director of Risk Management and Treasury Jacobson, Director of Water Resources Weghorst, Assistant Director of Conservation Sanchez, Legal Counsel Arneson, Secretary Bonkowski, Mr. Mike Hoolihan, Mr. Wayne Clark, Mr. Joe Costantino, Ms. Gretchen Maswadeh, Mr. Eric Akiyoshi, Mr. Ian Swift, Ms. Shannon Reed, Ms. Kelly Welch, Ms. Cheryl Kelly, Ms. Christine Compton, Mr. Jim Reed, Mr. Bruce Newell, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION

Mrs. Joan Irvine Smith's assistant addressed the Board of Directors with respect to the Dyer Road wellfield. She said it was her understanding that currently wells C-8, C-9, 10, 11, 12, 15, 16, 17 and 18 will operate in accordance with the District's annual pumping plan. Wells 1, 2, 3, 4, 5, 6, 7, 13 and 14 will be off. This was confirmed by Mr. Cook, General Manager of the District.

With respect to the OCWD annexation of certain IRWD lands, on June 5, 2009, IRWD received a letter from OCWD noting that OCWD has completed the formal responses to comments they previously received on the draft program Environmental Impact Report. The letter further noted that with this task completed, OCWD has exercised its right to terminate the 2004 Memorandum of Understanding (MOU) regarding annexation. OCWD also indicated that due to the lack of progress on the annexation issue, the draft program Environmental Impact Report will not be completed. On June 8, 2009, OCWD completed the Long-Term Facilities Plan which was received and filed by the OCWD Board in July 2009. Staff has been coordinating with the City of Anaheim (Anaheim) and Yorba Linda Water District (YLWD) on their most recent annexation requests and has reinitiated the annexation process with OCWD. IRWD, YLWD and Anaheim have negotiated a joint MOU with OCWD to process and conduct environmental analysis of the annexation requests. The MOU was approved by the OCWD Board on July 21, 2010. This was confirmed by Mr. Cook.

With respect to the Groundwater Emergency Service Plan, IRWD has an agreement in place with various south Orange County water agencies, MWDOC and OCWD, to produce

additional groundwater for use within IRWD and transfer imported water from IRWD to south Orange County in case of emergencies. IRWD has approved the operating agreement with certain south Orange County water agencies to fund the interconnection facilities needed to affect the emergency transfer of water. MWDOC and OCWD have also both approved the operating agreement. This was confirmed by Mr. Cook.

ITEMS TOO LATE TO BE AGENDIZED:

General Manager Cook reported that an item came to staff's attention after the agenda was posted in regard to the District funding Director Swan for a campaign effort of the Association of California Water Agencies (ACWA) to be elected Vice President. On MOTION by Matheis, seconded by Withers and unanimously carried, IT WAS DETERMINED THAT THERE WAS A NEED TO TAKE IMMEDIATE ACTION TO CONSIDER FUNDING A CAMPAIGN EFFORT FOR DIRECTOR SWAN FOR THE POSITION OF VICE PRESIDENT OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES FOR A TWO-YEAR TERM OF OFFICE BEGINNING IN 2014, AND THIS ITEM WAS ADDED TO THE ACTION CALENDAR AS ITEM NO. 17 (see page 6).

PRESENTATION - SCIENCE FAIR WINNERS

Ms. Cheryl Kelly presented awards to local students for their water-related projects entered in the Irvine Unified School District Science Fair.

WORKSHOP – FISCAL YEAR 2013-14 CAPITAL BUDGET

Mr. Eric Akiyoshi, using a PowerPoint presentation, said that several changes were made subsequent to the May 28, 2013 Board meeting adding an additional \$874,000 to the Fiscal Year 2013-14 Capital Budget for a revised total budget of \$110.3 million of which \$44.4 million is for domestic water expenditures and \$65.9 million for sewer expenditures. Mr. Akiyoshi said that the additional projects included Zone C strainer replacement, the sewer general system modifications, raising manholes to grade, and Chiquita General System modifications. In response to Director Swan's inquiry relative to the Chiquita General System modification project, Executive Director of Water Resources Heiertz said he would provide him with a copy of the agreement with Santa Margarita Water District for his review of capacity ownership and renewal terms. Mr. Akiyoshi said that Improvement District splits were also adjusted for both the PA 30/15 development projects and the Orange Park Acres Reservoir Demolition project. Following a review of the flagged project list, Director Swan asked that all of the well projects be flagged for further review by the Board of Directors prior to implementation of the next phase of the respective projects.

There being no further comments, on MOTION by Matheis, seconded by Swan and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2013 – 21

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY
CALIFORNIA, APPROVING THE DISTRICT'S CAPITAL
BUDGET FOR FISCAL YEAR 2013-14

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 11 WERE APPROVED AS FOLLOWS:

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the May 28, 2013 Regular Board Meeting be approved as presented.

6. RATIFY/APPROVE BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS

Recommendation: That the Board ratify/approve the meetings and events for Steven LaMar, Mary Aileen Matheis, Peer Swan, Douglas Reinhart, and John Withers.

7. NEWPORT BOULEVARD DOMESTIC WATER MAIN RELOCATION PROJECT CONTRACT CHANGE ORDER AND FINAL ACCEPTANCE

Recommendation: That the Board approve Contract Change Order No. 12 with Sully Miller Contracting Company in the credit amount of (\$262,843.40) for project 10822 (1866); accept construction of Newport Boulevard Domestic Water Main Relocation Project; authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after filing of the Notice of Completion.

8. ISDOC PROPOSED BYLAW AMENDMENTS

Recommendation: That the Board authorize staff to submit comments before June 21, 2013 as deemed appropriate by IRWD's Board to the Independent Special Districts of Orange County in a joint letter from south Orange County Special Districts regarding proposed amendments to its bylaws.

CONSENT CALENDAR (CONTINUED)

11. IRWD APARTMENT CONSULTANT – CONTRACT RENEWAL

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with Market-THINK, LLC for a period of two years for a total fee not to exceed \$100,000 to provide advisory services related to the operation of the Sycamore Canyon and Wood Canyon Villa Apartment properties, which includes monthly out-of-pocket expenses estimated at \$50 per month.

ACTION CALENDAR

REVISED WATER BANKING, TRANSFERS AND WHEELING POLICY POSITION PAPER

Director of Water Resources Weghorst reported that the District's *Water Banking, Transfers and Wheeling* position paper was last revised and adopted by the Board on August 9, 2010 and at that time, the approved policy reflected the construction of the Strand Ranch Integrated Banking Project, acquisition of the Jackson Ranch property, development of an agreement with Metropolitan Water District of Southern California for coordinated delivery of State Water Project Supplies and the execution of two approved pilot programs involving unbalanced exchanges.

Mr. Weghorst said that staff has reviewed the current policy and proposes that the *Water Banking, Transfers and Wheeling* policy position paper be revised and updated to reflect more current relevant information about activities to date and objectives. He said that various water and regulatory agencies have indicated water exports from the Delta could be interrupted due to actual levee failures which would take up to three years to repair. He e said there is also a risk of shortages of water from the Colorado River which must be considered so staff is taking this into consideration for reframing the policy. He also said that staff would like to ramp up the target storage in the Strand Ranch facilities to 88 thousand acre-feet from the current 50 thousand acre-feet capacity. Mr. Weghorst further reviewed the chart in the revised polity position paper of existing and currently planned storage, recharge, and recovery capacity in IRWD's water banking program.

Director Swan reported that this item was reviewed by the Water Banking Committee on May 22, 2013. Following discussion, staff was asked to focus on language to increase recovery capacity for use during peak periods which can be reviewed and approved at a future Water Banking Committee meeting. On MOTION by Swan, seconded and unanimously carried, **THE BOARD ADOPTED THE REVISED POLICY POSITION PAPER ENTITLED *WATER BANKING, TRANSFERS AND WHEELING* SUBJECT TO AMENDING LANGUAGE ON THE TERMS RELATING TO RECOVERY CAPACITY DURING PEAK PERIODS IN THE IRWD'S WATER BANKING PROGRAM WITH STAFF SUBMITTING FINAL LANGUAGE ON THIS SECTION TO THE WATER BANKING COMMITTEE FOR REVIEW AND APPROVAL.**

AGREEMENT FOR PARTICIPATION AND FUNDING IN SPECIFIED MUNICIPAL WATER DISTRICT OF ORANGE COUNTY REBATE PROGRAMS

Tactical Incentives are one of the key elements of IRWD's Water Use Efficiency Program which are cost-effective financial incentives provided to supplement existing regional rebate programs administered by either Metropolitan Water District of Southern California (MWD) and/or MWDOC. The incentives are based on IRWD's calculated avoided costs resulting from the installation of the various conservation devices. Staff has reviewed the water savings and funding levels for the various devices and recommends incentive levels. Based on customer participation, staff is proposing a total of \$500,000 in total incentive funding, of which \$450,000 would be allocated to residential programs, and \$50,000 to commercial programs. There is flexibility within the agreement to transfer funding between the residential and commercial programs as necessary. On MOTION by Matheis, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN AGREEMENT SUBJECT TO NON-SUBSTANTIVE CHANGES FOR PARTICIPATION AND CO-FUNDING BY IRVINE RANCH WATER DISTRICT IN SPECIFIED MUNICIPAL WATER DISTRICT OF ORANGE COUNTY REBATE PROGRAMS, WITH \$500,000 IN FUNDING FOR FY 2013-14, FOR COST-EFFECTIVE TACTICAL INCENTIVE WATER USE EFFICIENCY MEASURES.

MICHELSON WATER RECYCLING PLANT ELECTRICAL VAULT REPLACEMENT CONSTRUCTION AWARD

An electrical vault located at the Michelson Water Recycling Plant (MWRP) has shown significant deterioration, posing both operational and staff safety concerns which needs to be replaced immediately. Staff negotiated with Arizona Pipeline for a bid based upon doing the work without a power shutdown. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH ARIZONA PIPELINE COMPANY IN THE AMOUNT OF \$121,850 FOR THE MICHELSON WATER RECYCLING PLANT ELECTRICAL VAULT REPLACEMENT, PROJECT 20214 (1599).

PROPOSED PERSONNEL CHANGES FOR FY 2013-14

General Manager Cook reported that as a follow-up item to the adoption of the FY 2013-14 Operating Budget, staff requests that the Board approve the recommended changes in budgeted positions for FY 2013-14 and also adopt the revised salary grade schedule, effective July 1, 2013. Mr. Cook said that the changes include the upgrade of 10 positions to higher levels, the downgrade of four positions to lower levels, and elimination of one position. Staff also recommends the addition of eight new budgeted positions and title changes for nine budgeted positions. The estimated net annual cost to implement the recommended changes is an increase in the salary budget of \$280,412, or 1.0%. On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED THE PROPOSED CHANGES IN THE DISTRICT'S BUDGETED POSITIONS AS OUTLINED IN THE ADOPTED OPERATING BUDGET; APPROVED THE SALARY GRADE SCHEDULE CHANGES EFFECTIVE WITH THE APPROVED FY 2013-14 OPERATING BUDGET DATED JULY 1, 2013; AND ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2013-22

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE IRVINE RANCH WATER DISTRICT
RESCINDING RESOLUTION NO. 2013-2 AND
ESTABLISHING REVISED SCHEDULE OF
POSITIONS AND SALARY RATE RANGES

FISCAL YEAR 2013-14 GENERAL COUNSEL SERVICES FOR BOWIE, ARNESON,
WILES, & GIANNONE

Bowie, Arneson, Wiles & Giannone (BAWG) has provided a proposed letter of engagement for the purpose of providing legal services to the District for Fiscal Year (FY) 2013-14, effective July 1, 2013. BAWG's services shall not exceed \$515,000 without additional authorization from the District, of which \$415,000 is for general legal services and \$100,000 for the J127 matter. On MOTION by Swan, seconded and unanimously carried, **THE BOARD APPROVED AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE ENGAGEMENT AGREEMENT WITH BOWIE, ARNESON, WILES, & GIANNONE EFFECTIVE JULY 1, 2013 FOR GENERAL COUNSEL SERVICES IN THE AMOUNT NOT TO EXCEED \$515,000, SUBJECT TO THE NOT-TO-EXCEED AMOUNTS WITHIN SUCH TOTAL AMOUNT AS PROVIDED IN SEPARATE DETAIL.**

CAMPAIGN FOR THE ASSOCIATION OF CALIFORNIA WATER AGENCIES' VICE
PRESIDENT

As a follow-up to the May 28, 2013 Board meeting where the Board approved up to \$2,000 for a campaign for Director Swan to run for ACWA's Vice President in 2014, General Manager Cook said he placed before each Director a document prepared by Director Swan providing a revised estimate of the cost of running the campaign at \$3,800. Director Matheis made a motion seconded by Director Withers to approve this revised expenditure. Prior to the vote, Vice President LaMar said that he would be voting no as at the last Board meeting Director Swan said that if elected Vice President, he would act for ACWA's interests independent of IRWD's interests, and that as a result, Vice President LaMar believed this expense was not appropriately borne by the ratepayers. There being no further comments, **THE BOARD INCREASED THE EXPENDITURE FROM \$2,000 TO \$3,800 FOR THE CAMPAIGN EFFORT TO ELECT PEER SWAN FOR VICE PRESIDENT OF ASSOCIATION OF CALIFORNIA WATER AGENCIES WITH THE FOLLOWING VOTE: WITHERS, MATHEIS AND SWAN VOTING AYE AND LAMAR VOTING NO.**

GENERAL MANAGER'S REPORT

General Manager Cook provided an update on Orange County Water District (OCWD) annexation events. Mr. Cook said that OCWD has received comments relative to the annexation Environmental Impact Report and the consulting team is currently preparing responses. He said that he placed before each Director a letter sent to OCWD from nine groundwater producers expressing concerns on the annexation's cost which they feel should be cost-neutral; however, they are not opposed to the annexation itself. He said that the next steps

include a presentation of the letter by OCWD to its Water Issues Committee, ongoing meetings with the Groundwater Producers, and scheduling an OCWD/IRWD Ad Hoc Committee meeting within the next two weeks. Following comments from members of the Board, Mr. Cook said that he will be updating the Board on this issue at future Board meetings.

Mr. Cook provided an update on AB 543 (Campos) which is currently on the floor of the Assembly. He said this bill would require a translation of the California Environmental Quality Act environmental review documents for non-English speakers and that the District is currently opposing this bill. He also said that a coalition letter is being prepared which staff recommends signing.

DIRECTORS' COMMENTS

Director Matheis reported on her attendance at a City of Tustin address as well as a WACO meeting. She also commented on two articles she recently read, one on a county park moving forward in the area of the former Tustin airport hanger and the other on the value of incinerators for burning trash versus filling up landfills.

Director Swan reported on his attendance at a WACO meeting, a two-day ACWA Board meeting, and a Newport Chamber of Commerce Government Affairs meeting.

Director LaMar reported on his attendance at a MWDOC Planning and Operations Committee meeting and a WACO meeting.

ADJOURNMENT

There being no further business, President LaMar adjourned the meeting at 6:12 p.m.

APPROVED and SIGNED this 24th day of June, 2013.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone